

TR PROPERTY INVESTMENT Trust

Sigma Shares

(TR Property Investment Trust plc) *Closed-ended investment trust*
LONG ONLY PAN EUROPEAN SMALL CAP PROPERTY EQUITIES

Manager Commentary – by Marcus Phayre-Mudge

Real estate equities not only continued their re-rating from July but actually accelerated. Looking back this is unsurprising given the improvements in virtually all macro economic data as well as in the forward looking sentiment indicators over the summer period. However for real estate, a traditionally late cycle earnings performer, share price performance has been driven not by the anticipated improvement in earnings (still somewhat off) but by investors' appreciating the impact of continuing low base rates on what is still a much leveraged asset class. In the course of a relatively short period (a couple of months) consensus has switched from viewing leverage as a burden to seeing it as the opportunity. For most of July, August and into September, investors have sought risk and those stocks with the most levered balance sheets or exposed to geared opportunities such as development have outperformed the lower beta, more prudently financed companies. Sigma's benchmark, the FTSE EPRA/NAREIT Europe Small Cap Index (in GBP) rose +21.5% in the month outperforming the broader Europe Index (in GBP) by a significant 2.9%. Investors sought risk in a broad group of smaller caps stocks, a number of which experienced eye-watering monthly movements (14 companies returned over 30% in the month, whilst only one of which was a large cap stock). The month's strongest performer was Quintain rising 116%. This is a case study of the volte face of investor sentiment. As the highly indebted owner of long term development opportunities, principally around Wembley and on the Greenwich peninsula, back in March the company's situation looked precarious with low cashflow, significant leverage and a business model which required huge capital expenditure. The expectation was that the inevitable refinancing would lead to the eradication of the existing equity. By March 10th the shares were at 8p (high : 965p in July 07). By the end of August with investors seeking risk opportunities and the company's bankers in no hurry to really test their loan covenants coupled with a last published NAV (albeit based primarily on theoretical residual valuations of the development opportunities) of over 400p, the share price finished the month at 178p. Sigma's NAV rose +19.1% which led to underperformance of its benchmark by 242 bps a function of having net cash in the early part of the month coupled with overexposure to more defensive stocks. However over the month the fund made net investments of over £3.5m, reducing net cash to less than 1%. The process of recycling from large cap stocks to small cap names continues. However with the small cap index adjusting quarterly we expect a number of companies to move up and out of the index (as their market caps exceed £1bn) at the end of next month. The share price rose 29% to 70p, significantly outperforming the benchmark and reducing the discount to NAV to 20%. This reflects investor appetite for real estate stocks.

Fund Performance to 31 Aug 2009

	1 Month	YTD	1 Yr Fund	NAV per share	Sigma Share Price
Sigma Price (total return)	+29.63%	+70.73%	+2.94%	86.08p	70.00p
NAV (price only)	+19.08%	+23.41%	-3.68%		
EPRA European Property Small Cap Index (price only)	+21.50%	+15.36%	-16.25%		
					Discount 18.68%

*Small Cap benchmark adopted on 1 April 09 Prior to 01.04.09 benchmark was EPRA European Property Index

Note: Price is month-end mid-price. Source: Datastream, Bloomberg. Refer to back of the monthly newsletter for monthly / annual return history vs benchmark.

Geographic Allocation % (Look-Through)

Austria	2.0
Belgium	9.4
Central Europe	2.9
Finland	3.7
France	17.7
Germany	8.3
Greece	1.1
Italy	3.8
Netherlands	4.9
Portugal	0.0
Russia	1.7
Spain	1.5
Sweden	15.7
UK	26.2
USA	0.8
Other	0.3
Total	100.0

Asset Allocation %

Continental Shares	60.4
UK Shares	35.9
Cash	3.7
Total	100.0

Sector Allocation %

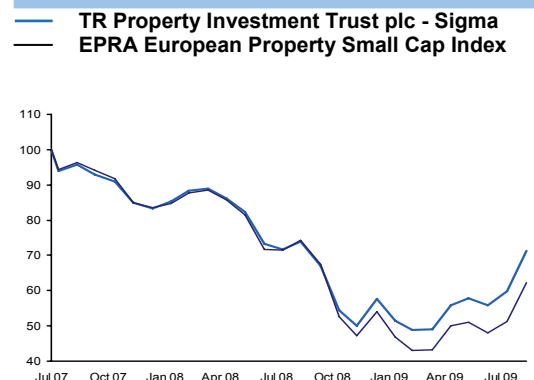
Offices	35.7
Retail	29.0
Industrial	20.1
Residential	11.2
Other	4.0
Total	100.0

Note: figures above shown on a look-through basis.

Top 10 Holdings % of net assets

Castellum	6.2
Eurocommercial	5.2
Segro	4.5
Great Portland	4.5
Hansteeen	4.2
Silic	4.1
Wereldhave	4.0
Derwent	4.0
Befimmo	3.8
Unibail	3.5

NAV per share Price Performance 25.07.08 (rebased to £100) to 31.08.09



*Prior to 01.04.09 the benchmark was EPRA European Property Index. Source: BNP Paribas, EPRA.

Fund Objective

The investment objective of the Sigma shares is to maximise total returns by investing in small cap Pan European equities, focusing on long term capital and income growth.

Net Assets (Mn)	£109.6
Launch Date	25 July 2007
Dealing	Daily (Stockmarket)
NAV Frequency	Daily
Legal Status	UK Investment Trust
Listing	London Stock Exchange
	FTSE 250 Index
Dividends	January, July

Charges	
Initial Charge	Nil
Management Fee	£0.65mn per annum plus 0.30% of net assets p.a.
Performance Fee	20% of total return over the benchmark plus 2% hurdle

Investment Manager

Thames River Capital LLP

Stockbroker

Centos Securities PLC

Administrator

BNP Paribas
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<http://www.thamesriver.co.uk/downloads/disclosures.htm> <http://www.nevskycapital.com/downloads/disclosures.htm>

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For a full list of Paying Agents’ details, please follow the following links: http://www.thamesriver.co.uk/pdf/paying_agents.pdf

http://www.nevskycapital.com/pdf/paying_agents.pdf

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